
DELIVERED ELECTRONICALLY

December 3, 2021

Eric Miller, Esq.
University of Vermont Medical Center
111 Colchester Ave.
Burlington, VT 05401

RE: Docket No. GMCB-022-21con, Pharmacy Expansion and Automation at Holly Court in Williston. Project Cost: \$5,810,888.

Dear Mr. Miller:

Thank you for the application for the above referenced project. Additional information is required to complete our review. At this time, please provide the following information:

Financial

1. Given that the narrative states the project will be funded with working capital, explain why there is capitalized interest. Confirm how the project will be funded and correct and resubmit all affected tables including Table 1, 2 and the table on page 11 showing \$49,211 in capitalized interest.
2. In your FY20 budget submission to the GMCB, you listed \$3M for Pharmacy Compounding and Home Service at 75 Holly Court as a possible CON. Explain if this is incorporated into this project.
3. The pharmacy expansion and automation project was included in the FY22 hospital budget submitted to the GMCB in August of 2021, showing a cost of \$4,340,904 for FY23. However, the application reflects a total project cost of \$5,810,888, which is a 34 percent increase. Explain the reason(s) for the increase in the total project cost and identify the items and associated costs that contributed to the total increase in cost.
4. The table labeled Volume Growth on page 3 in the application should flow through to the revenues and/or savings in employee benefits on the Income Statement. The applicant reports an average annual growth for mail-order of 36% from FY19 and 25% average annual growth for Specialty pharmacy. The Income Statement (Table 3) reports no changes to the accounts for FY23-FY25 except for Depreciation and Other Operating Expense for the project (Table 3B) and with the project (Table 3C). Hospitals normally report pharmacy revenues within the line-item Other Operating Revenue. Explain in detail where the revenues without the project (Table 3A) associated with the Specialty and Outpatient pharmacies are accounted for in the Table as well as



the reduction in employee benefits as a savings to expenses. Revise and resubmit Tables 3A, B, and C.

5. Table 4 (Balance Sheet):
 - a. The Property Plant and Equipment Less Accumulated Depreciation does not conform to accounting principles for each years' balances for project assets. For example, Total Net Property Plant and Equipment for proposed year 3 should be \$4,117,715, not negative \$564,391. Revise and resubmit.
 - b. Detail what is included in the \$63,975 recorded in the "Other" category on the Depreciation Schedule as this item has been added to the Land, Buildings & Improvements accounts on the Balance Sheet.
 - c. Explain the difference between the project cash disbursement of \$5,920,077, the total of the recorded property plant and equipment and the total project cost of \$5,810,888 as reflected on Table 1 and 2.
6. The application does not anticipate any increased staffing due to the project. The application states there will be a need for internal resources for the production line software integration and implementation and ongoing application support, additional FTE costs, including the use of a small percentage of a single FTE's time, which are not included in the project cost. Instead, the support for this initiative will be included in a larger global review of application inventory as part of the annual FTE planning and budget development. The applicant's analysis assumes a savings of five FTEs over a five-year period, starting with one FTE saving in Year One and building to a savings of five FTEs in Year Five. Please explain and/or revise and resubmit Table 8 based on the support needed for the retail pharmacy space at UHC and Holly Court. Reflect the staff at these locations with projections for the years represented in Table 8 A,B,C so we can see the shift in staff between the locations.
7. Provide detailed vendor quotes for the equipment purchases.

Other

8. How will retail pharmacy services offered at the UHC location be changing? Explain the services and hours that are currently available and what will be available after the project is completed. Explain any negative impact for retail and specialty customers who may prefer to pick up and drop off their prescriptions at the UHC location.
9. Provide information on the automation intended for the facility. Address the quality assurance standards required for automation and explain what oversight is required to identify, quantify, and mitigate potential errors.
10. Provide a more detailed response demonstrating that the project meets statutory criteria 1-5. Provide support for each criterion individually.

In responding, restate the question in bold font and respond in un-bolded font. Send an electronic copy to me at donna.jerry@vermont.gov and one hard copy (three-hole punched) with a Verification Under Oath to my attention at the Green Mountain Care Board, 144 State Street, Montpelier, Vermont 05602.



If you have any questions, please do not hesitate to contact me at 802-760-8162.

Sincerely,

s/ Donna Jerry

Senior Health Policy Analyst
Green Mountain Care Board

cc. Laura Beliveau
Staff Attorney

